Supreme Court, U.S.
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IN THE

Supreme Court of the United States

MOBA, B.V., STAALKAT, B.V.
AND FPS FOOD PROCESSING SYSTEM, INC.,
Petitioners,

v.

DIAMOND AUTOMATION, INC.,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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July 24, 2003

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QUESTION PRESENTED

Did the Federal Circuit violate litigants' Seventh Amendment right to a jury trial when, as it has here and in three other cases, it failed to grant a new jury trial on the validity of a patent after it changed the interpretation of the patent claim on appeal and that change altered the factual question of patent validity?

CORPORATE DISCLOSURE STATEMENT

The names of all parties in the court whose judgment is sought to be reviewed appear in the caption of this Petition for Writ of *Certiorari*.

The following companies are parent corporations of one or more of Petitioners: TBG Holdings N.V., N.V. Hollandsch-Amerikaansche Beleggignsmaatschappij (HAIC), TBG Europe N.V., FPS Food Processing Systems B.V., FPS Egg Handling Systems B.V., and FPS Holdings Inc.

No publicly held company owns 10% or more of the stock of any of the Petitioners.

TABLE OF CONTENTS

question presented i
corporate disclosure statement ii
table of contents iii
table of authorities iv
opinions below 1
jurisdiction 1
constitutional provision involved 1
statement of the case 2
reasons for granting the writ 11
I. The Federal Circuit's Failure to Remand for a New Trial When it Broadens Claim Interpretations on Appeal is Contrary to Established Law and Denies Litigants Their Seventh Amendment Right to a Jury Trial 13
A. The Federal Circuit's Actions are Contrary to Established Law That a New Trial Must be Granted if an Erroneous Instruction was Prejudicial Error 13
B. Failure to Remand for a New Trial Denies Litigants Their Seventh Amendment Right to a Jury Trial 18
II. This Court Should Grant *Certiorari* Because the Issue Presented is Important and Recurring and has the Potential of Affecting Every Patent Case 20
A. This Court has Emphasized the Need to Scrutinize Practices that Infringe on Seventh Amendment Rights 20
B. This Issue has Significant Implications Beyond the Cases Identified to Date 20
C. This Court Needs to Exercise its Supervisory Powers Over the Federal Circuit 23
conclusion 25

TABLE OF AUTHORITIES

Al-Site Corp. v. VSI Int'l, Inc., 174 F.3d 1308 (Fed. Cir. 1999) 15

Beacon Theatres, Inc. v. Westover, 359 U.S. 500 (1959) 20

Boehringer Ingelheim Vetmedica, Inc. v. Schering-Plough Corp., 320 F.3d 1339 (Fed. Cir. 2003) 14, 15

Cardinal Chem. Co. v. Morton Int'll,Inc., 508 U.S. 83 (1993) 12, 22, 23, 24

C.R. Bard, Inc. v. M3 Sys., Inc., 157 F.3d 1340 (Fed. Cir. 1998) 15, 22

Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448 (Fed. Cir. 1998) 2, 13, 21, 22

Dimick v. Schiedt, 293 U.S. 474 (1935) 19, 20

Ecolab Inc. v. Paraclipse, Inc., 285 F.3d 1362 (Fed. Cir. 2002) 2, 13, 14, 17

Eaton Corp. v. Rockwell Int'l Corp. 323 F.3d 1332 (Fed. Cir. 2003) 13

Gizoni v. Southwest Marine, Inc., 56 F.3d 1138 (9th Cir. 1995) 14

In re Wright, 999 F.2d 1577 (Fed. Cir. 1993) 10

Joy Techs., Inc. v. Flakt, Inc., 6 F.3d 770 (Fed. Cir. 1993) 8

Laporte Pigments, Inc. v. Axel J., LP, Civ. A. No. 01-1226, 2002 WL 1890749 (Fed. Cir. Aug. 15, 2002) 14

Markman v. Westview Instruments, Inc.,
517 U.S. 370 (1996) 2, 20, 23

Mattison v. Dallas Carrier Corp., 947 F.2d 95
(4th Cir. 1991) 19

Moba B.V. v. Diamond Automation, Inc.,
325 F.3d 1306 (Fed. Cir. 2003) .....*passim*

Northrop Grumman Corp. v. Intel Corp., 325 F.3d
1346 (Fed. Cir. 2003) 10

Parsons v. Bedford, 28 U.S. (3 Pet.) 433 (1830) 20

Patlex Corp. v. Mossinghoff, 758 F.2d 594
(Fed. Cir. 1985) 18

Pullman-Standard v. Swint, 456 U.S. 273 (1982) 13

Slocum v. New York Life Ins. Co., 228 U.S. 364
(1913) 8, 19

Smalley v. Duluth, Winnipeg & Pac. Ry. Co.,
940 F.2d 296 (8th Cir. 1991) 13

Tegal Corp. v. Tokyo Electron Am., Inc., 257 F.3d
1331(Fed. Cir. 2001) 18

Teleflex, Inc. v. Ficosa N. Am. Corp., 299 F.3d 1313
(Fed. Cir. 2002) 15

Texas Digital Sys., Inc. v. Telegenix, Inc., 308 F.3d
1193 (Fed. Cir. 2002) 14

*Union Carbide Chems. & Plastics Tech. Corp. v.
Shell Oil Co.*, 308 F.3d 1167, 1179 (Fed. Cir. 2002) 14

Wilson v. Maritime Overseas Corp., 150 F.3d 1
(1st Cir. 1998) 13, 14

Constitution and Statutes

U.S. Const. Amend. VII 2-3, 18

28 U.S.C. § 1254(1) 1

28 U.S.C. § 1338(a) 1

28 U.S.C. § 1295(a)(1) 1, 20

28 U.S.C. § 1254(a) 1

35 U.S.C. § 102 7

35 U.S.C. § 112 7

Articles

Christian A. Chu, *Empirical Analysis of the Federal Circuit's Claim Construction Trends*, 16 21, 22 Berkeley Tech. L.J. 1075, 1104 (2001) 21, 22

Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 Harv. J.L. & Tech. 1, 11-12 (Fall 2001) 21, 22

Gretchen A. Bender, *Uncertainty and Unpredictability in Patent Litigation: The Time is Ripe for a Consistent Claim Construction Methodology*, 8 J. Intell. Prop. L. 175, 202-08 (Spring 2001)..... 21

Petitioners, Moba B.V., Staalkat B.V. and FPS Food Processing Systems, Inc. (collectively herein "FPS" or "Petitioners"), respectfully petition for a writ of *certiorari* to review the judgment of the United States Court of Appeals for the Federal Circuit entered in this action.

OPINIONS BELOW

The opinions of the Court of Appeals are reported at 325 F.3d 1306 (Fed. Cir. 2003) and are reproduced beginning at Appendix page 1a. The opinion of the district court is unreported and is reproduced beginning at Appendix page 41a.

JURISDICTION

The judgment of the Court of Appeals was entered on April 1, 2003. The petition for rehearing was denied on April 25, 2003. A copy of the unreported order denying rehearing is reproduced beginning at Appendix page 113a. This Court has jurisdiction to review the judgment of the Court of Appeals pursuant to 28 U.S.C. § 1254(1).

The District Court had jurisdiction over this matter pursuant to 28 U.S.C. § 1338(a). The Court of Appeals had appellate jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

CONSTITUTIONAL PROVISION INVOLVED

The Seventh Amendment of the United States Constitution provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of

the United States, than according to the rules of the common law.

STATEMENT OF THE CASE

The interpretation of a patent claim is a key factor in the determination of all patent lawsuits, as that interpretation defines the parameters under which both the infringement and the validity of a patent are assessed. In 1996, this Court held that the interpretation of the claims of a patent is a question for the judge and not the jury. *See Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996). In 1998, the Federal Circuit held *en banc* that a district court's construction of a patent claim is a question of law, to be reviewed *de novo*. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998). When the Federal Circuit changes a claim interpretation on appeal, it must consider whether the error in claim construction was harmless or prejudicial. *See Ecolab Inc. v. Paraclipse, Inc.*, 285 F.3d 1362, 1373-76 (Fed. Cir. 2002). If prejudicial, the verdict cannot be sustained, and a new trial is required. *Id.* Only if the error is harmless can a jury's verdict be upheld as supported by "substantial evidence." *See id.*

Notwithstanding its prior recognition of the procedure that must be followed after it changes the interpretation of a patent claim, the Federal Circuit failed to consider here (as it has in at least four other cases) whether the claim interpretation error was harmless or prejudicial. Instead, it simply upheld the verdict as supported by "substantial evidence" and refused Petitioners' request for a new trial. There can be no genuine dispute that the claim interpretation here was determinative of the jury's validity finding, and that the jury never considered the validity of the claim at issue using the Federal Circuit's interpretation. In refusing to grant Petitioners a new trial, the Federal Circuit not only

failed to follow proper practices, but also denied Petitioners their Seventh Amendment right to a trial by jury.

Because the Federal Circuit, which has exclusive appellate jurisdiction in all patent cases, reviews *de novo* the claim interpretation in every patent case, this issue affects all United States patent cases.

Background and Procedural History

In 1995, FPS commenced this action in the United States District Court for the Eastern District of Pennsylvania, seeking a declaration that four patents owned by Respondent, Diamond Automation Inc. (herein "Respondent" or "Diamond"), were invalid or not infringed by FPS. [1] The four patents relate to various aspects of high-speed egg processing machines, which sort eggs into categories based on weight and other factors.

Diamond is a Michigan corporation that manufactures and sells high-speed egg processing machines. Petitioners, specifically Moba B.V. and Staalkat B.V., are Dutch corporations that also manufacture high-speed egg processing machines.[2] FPS Food Processing Systems Inc. is a related United States company that sells machines made by Moba and Staalkat in the United States. In this action, Diamond alleged, *inter alia*, that the Moba Omnia infringed claim 24 of the '505 patent and, further, because claim 24 is a method (as

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[1] The patents are United States Patent Numbers 4,569,444 (the "'444 patent"), 4,505,373 (the "'373 patent"), 4,519,494 (the "'494 patent"), and 4,519,505 (the "'505 patent"). As explained below, only the '505 patent is now at issue.

[2] Staalkat B.V. is now Selecta B.V.

opposed to apparatus) claim, accused Petitioners of inducing infringement of this patent by their customers. Diamond also alleged that this infringement was willful. FPS denied infringement and also contended that the patent was invalid for a number of reasons.[3]

After a five-week trial, the jury found that all asserted claims of all four patents were not infringed and were valid. On March 7, 2000, the district court entered judgment for FPS based on this verdict. After Diamond renewed its motion for judgment as a matter of law, asking the district court to set aside the jury's verdict on infringement on all four patents, the district court denied Diamond's motion and entered its final judgment on October 2, 2000. 41a–72a.

Diamond appealed the district court's judgment on only two of the patents – the '494 and the '505. FPS filed a conditional cross-appeal as to the validity issues on these patents, requesting a new trial if the Federal Circuit changed the interpretation of the claims on appeal and found infringement as a matter of law. On April 1, 2003, the Federal Circuit issued its decision, affirming in all respects as to the '494 patent, but reversing the judgment of non-infringement on claim 24 of the '505 patent, while upholding the judgment on validity as to that claim. 1a-40a. FPS petitioned for a panel rehearing, which petition was denied by the Federal Circuit on April 25, 2003. 113a-114a. Only the '505 patent is at issue in this petition.

District Court's Interpretation of '505 Patent Claim

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[3] Diamond also accused Petitioners of infringement of each of the other three patents. Petitioners denied infringement on all three, and challenged their validity as well.

Automated egg processing occurs in several steps. First, the eggs are washed. Then, they are "candled," typically by using a light source to check for defects. The eggs are then weighed, and the weight information, along with other quality information, is stored in a memory and used later to sort the eggs. Based on the stored information, the eggs are packaged into cartons or other containers. Claim 24 of the '505 patent sets forth a method used for weighing the eggs and then lifting them into an overhead conveyor so that they can be transported to appropriate packing stations. The part of claim 24 relevant to this petition covers certain "guiding steps:"

> guiding said eggs from said weighing stations first to a plurality of egg holding stations located down-stream of said guide means and then to a plurality of locations longitudinally spaced-apart from and substantially horizontally co-planar with said holding stations,
> guiding further eggs to said plurality of holding stations . . .

'505 patent, col. 13, lines 33-54, 152a.

Following the mandate of this Court in *Markman*, the district court conducted a hearing on the proper interpretation of the claims at issue. On March 4, 1999, having considered the briefs and arguments of the parties, the district court issued its opinion and order construing, *inter alia*, the "guiding steps" limitation of claim 24. 74a-112a. Specifically, the "guiding steps" were construed by the district court as:

> (1) carrying eggs to holding stations;
>
> (2) carrying eggs from the holding stations to the spaced apart locations; and

(3) carrying more eggs to the holding stations.

111a-112a.

This interpretation was given to the jury as part of the jury instructions. As these matters had been resolved through extensive pre-trial proceedings, no objections to this interpretation were made at trial by either side. Although this was essentially the interpretation Diamond had sought, and not the one FPS sought, during the *Markman* process, FPS believed it could nonetheless demonstrate at trial that claim 24 was not infringed even under the district court's unfavorable interpretation. Accordingly, FPS argued to the jury, *inter alia,* that the "guiding steps" limitation was not met because the Omnia machine was missing one of the steps or, alternatively, because the three steps had to be separate steps. No objection was made to FPS's arguments,[4] and the district court explicitly approved of them in denying Diamond's renewed motion for judgment as a matter of law. In particular, upholding the verdict of non-infringement of the '505 patent, the district court confirmed that the three steps had to occur separately and not simultaneously and that FPS thus properly applied the district court's claim construction in its arguments to the jury. 59a-61a.

FPS also argued at trial that, if claim 24 of the '505 patent was broad enough to cover a machine such as the Omnia, then the claim was invalid for three reasons:

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[4] Diamond eventually took issue with these arguments in its motion for judgment as a matter of law but did not ask the district court to stop FPS from making such arguments to the jury nor for a further jury instruction on the claim interpretation.

(1) it was anticipated by certain prior art;[5] (2) the patent failed to contain an adequate written description of the invention;[6] and (3) the patent failed to enable (*i.e,* teach one skilled in the art to make or use) the full scope of the invention.[7] Directly linking the jury's infringement and validity analysis, counsel for FPS told the jury on a number of occasions that they should only consider validity if they found the patent infringed; otherwise, they should find the patent valid. 158a-165a.

In making this argument, FPS noted that the only disclosed embodiment in the '505 patent was a method that used a "picking and placing" mechanism as opposed to, for example, a method of lifting eggs off a moving conveyor that utilized an intricate cam mechanism as accomplished in the Omnia. *Id.* FPS's point was that the method of a mechanism such as that in the Omnia was very different from the inventor's actual invention and not disclosed or taught in the '505 patent. Thus, FPS argued, if the jury found that the claim as interpreted by the district court was not so broad as to cover the Omnia, then validity was not an issue. If the jury found infringement, however, then the claim was invalid because, *inter alia,* the '505 patent disclosure did not enable or describe the method as accomplished by the

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[5] Pursuant to 35 U.S.C. § 102, a claimed invention is "anticipated" if all elements of the claim are found in a single piece of prior art, such as a prior patent, publication or device. *Moba B.V. v. Diamond Automation, Inc.,* 325 F.3d 1306, 1321-22 (Fed. Cir. 2003), 26a.

[6] The written description requirement is part of 35 U.S.C. § 112. *Id.* at 1319, 20a.

[7] The enablement requirement is also part of 35 U.S.C. § 112. *Id.* at 1321, 25a.

Omnia. Consistent with the arguments of FPS, the jury found the '505 patent not infringed, but valid.

Federal Circuit's Claim Interpretation and Decision

The Federal Circuit held, in a *per curiam* panel decision by Judges Bryson, Rader and Schall, that the district court had erred in holding that the three guiding steps had to occur separately and could not occur simultaneously. Accordingly, the Federal Circuit interpreted the claim more broadly than the claim interpretation that the district court had permitted the jury to use in finding non-infringement, and held that FPS infringed claim 24 as a matter of law.[8] *Moba*, 325 F.3d at 1313-16, 9a-14a.

The Federal Circuit next considered whether Diamond had established that FPS induced infringement of claim 24 of the '505 patent.[9] On inducement, the Federal Circuit remanded this fact issue to the district court "for further inquiry," because the district court's denial of Diamond's motion for judgment as a matter of law on this issue was based on its upholding the jury's

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[8] While the Federal Circuit took the position that the jury improperly added a limitation to the district court's claim interpretation, *Moba*, 325 F.3d at 1313, 10a, this is clearly incorrect. As noted *supra* at footnote 4 FPS's arguments were made without objection from Diamond. Also, the district court agreed in its post-trial opinion that this *was* its interpretation, and that FPS's arguments were thus correct. 60a-61a. In any event, regardless of the origin of the error, the indisputable end result was that the jury used a narrower claim than that deemed correct on appeal.

[9] Because claim 24 is a method claim, it can only be directly infringed by a person practicing the method. *See Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 774-75 (Fed. Cir. 1993). Thus, as the manufacturer and supplier of the machine, FPS cannot be liable for direct infringement but only for inducing its customers to infringe. *Id.*

verdict of non-infringement, and the Federal Circuit "decline[d] to make a determination that no reasonable jury could conclude that FPS did not intend that its customers perform acts that constitute infringement." *Id.* at 1318-19, 20a.

The Federal Circuit then turned to FPS's three invalidity claims. As to anticipation, the Federal Circuit held that there was no anticipation as a matter of law. *Id.* at 1321-22, 26a. When reviewing FPS's two remaining invalidity claims -- inadequate written description and lack of enablement -- however, the Federal Circuit upheld the jury's verdict of validity as supported by "substantial evidence" without considering whether the changed claim interpretation might have influenced the jury's verdict on validity and without finding that claim 24 of the '505 patent was valid as against these defenses as a matter of law.[10] *Id.* at 1319-21, 20a-25a. Specifically, the Federal Circuit did not consider whether the district court's interpretation of claim 24 was harmless or prejudicial error. *Id.*

Both the written description and enablement validity defenses require a comparison of the claim, as properly interpreted, against the overall disclosure provided in the patent. To meet the written description requirement, there must be "sufficient information in the original disclosure to show that the inventor possessed the invention at the time of the original filing." *Id.* at 1320; 24a (*citations omitted*). No particular form of disclosure is required, but the patent disclosure – *i.e.*, the

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[10] The Federal Circuit (particularly Judges Rader and Bryson in concurrences) also explored at length, in *dicta*, the scope and contours of the written description defense. *Id.* at 1322-28, 28a-40a. That discussion is not relevant to the issues raised herein and it did not provide the basis for the Federal Circuit's decision in this case.

text and drawings of the specification – must demonstrate to one of ordinary skill in the art that the patentee was in possession of the invention, as defined by the claims. *Id.* Thus, to determine whether the written description requirement is met, the jury must compare the invention as defined by the claims against the description of the invention in the patent, from the perspective of one of ordinary skill in the art. *Id.*

"The patent specification [also] must disclose information sufficient to enable those skilled in the art to make and use the claimed invention. That some experimentation is required to practice the claimed invention is permissible, so long as it is not undue." *Moba*, 325 F.3d at 1321, 25a (*citations omitted).* Although it is not necessary for the specification to disclose how to make and use every possible embodiment of the invention, the disclosure must be sufficient to enable the full scope of the invention. *See, e.g., In re Wright*, 999 F.2d 1577, 1561 (Fed. Cir. 1993). Thus, as with written description, to determine whether the enablement requirement is met, the jury must compare the invention as defined by the claims against the information provided in the patent on how to make and use the invention, from the perspective of one of ordinary skill in the art. *Moba*, 325 F.3d at 1321, 25a.

Because of the analysis to be performed, the breadth of the claim is often the single most significant factor in these kinds of validity determinations. *See Northrop Grumman Corp. v. Intel Corp.*, 325 F.3d 1346, 1356 (Fed. Cir. 2003) (where new claim construction results in claims of "substantial breadth . . . the breadth of the claims may raise substantial questions as to their validity.") If the claim is narrow, and covers only a limited range of methods or devices, then the disclosures in the patent can be similarly more limited. If the claim is broader, however, thus encompassing a wider range of

methods or devices, it follows that the disclosure must be broader. This is the heart of the issue in this case. Here, the jury used a claim interpretation that required three, separate guiding steps as the method of guiding eggs through the weighing and lifting process. Consequently, when it performed the comparison to see if the written description and enablement requirements were met, it necessarily only looked for the disclosure of an invention (and how to make and use it) that separately performed the three steps at issue. And it apparently found such disclosure met by the "picking and placing" mechanism shown in the '505 patent, which conclusion was encouraged by FPS when it was understood that the claim was narrower.

The jury necessarily did *not* consider, however, whether the patent sufficiently disclosed and enabled a claim that included a method where the three steps could occur simultaneously, which is, of course, a claim that includes *more* types of methods and devices than the narrower claim the jury used. In particular, it is indisputable that the jury *never* considered whether the patent disclosed an invention that involved lifting off a moving conveyor, such as that in the Omnia. Quite simply, the jury's verdict on infringement made clear that it did not understand lifting off a moving conveyor to be part of the patented invention – thus, there is no possibility that it looked at the disclosure with a method such as that used in the Omnia in mind when it reached its verdicts on written description and enablement. In short, no jury has decided the validity of the '505 patent using the changed claim interpretation, and FPS has been denied its Constitutional right to have that occur.

REASONS FOR GRANTING THE WRIT

When the Federal Circuit alters the interpretation of a patent claim on appeal, it must consider whether

that change could have an effect on all aspects of the jury verdict before it. Any aspect of the jury verdict that could have been affected should be retried. More specifically, as with any correction of an instruction to the jury on a legal issue, the court must consider whether the incorrect instruction was harmless or prejudicial error. Only if the error was harmless may the jury verdict be upheld as supported by substantial evidence. Otherwise, a new trial is mandated under the Seventh Amendment.

Without explanation for its actions, in at least five cases to date, including this one, the Federal Circuit has significantly altered the interpretation of the patent claim at issue, but has *not* considered whether that interpretation could have had an effect on the jury verdict before it. Instead, the Federal Circuit has upheld the verdicts as based on "substantial evidence," ignoring the fact that, in each case, the jury used a different claim interpretation in reaching its verdict. In so doing, the Federal Circuit denied the litigants their Seventh Amendment right to have a jury decide patent disputes under the changed claim interpretation. Because claim interpretation is an issue in every patent case and because the Federal Circuit reviews such interpretations *de novo,* reversing them in approximately 40% of the cases before it, *see infra* at 21 & n.16, this issue could have a serious impact on all patent cases in the Nation.

This Court should grant *certiorari* to review this issue and to instruct the Federal Circuit on the standard it must apply after changing a claim interpretation on appeal. The Federal Circuit's failure to apply the proper standard in the present circumstances is particularly pernicious given that this case, and all but one of the others, involved validity issues. As this Court held most recently in *Cardinal Chemical Co. v. Morton International, Inc.*, 508 U.S. 83, 99-102 (1993), it is extremely important as a matter of public policy that

validity issues be resolved when they arise, and be resolved correctly. As the Federal Circuit is the appellate court exclusively charged with hearing patent matters, this Court needs to exercise its supervisory powers and act to protect the Constitutional rights of litigants and the interest of the public in having these issues, particularly of validity, tried fairly.

I. The Federal Circuit's Failure to Remand for a New Trial When it Broadens Claim Interpretations on Appeal is Contrary to Established Law and Denies Litigants Their Seventh Amendment Right to a Jury Trial

A. The Federal Circuit's Actions are Contrary to Established Law That a New Trial Must be Granted if an Erroneous Instruction was Prejudicial Error

The Federal Circuit, having held that claim interpretation is a question of law,[11] has recognized that erroneous claim interpretations should be handled like any other error in a jury instruction on the law: if the error is harmless, the verdict may be upheld, but if it is prejudicial, a new trial is required.[12] *E.g., Ecolab Inc. v.*

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[11] *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998).

[12] It is axiomatic that a new trial is required where there has been a prejudicial error in instructing the jury on the law, or applied by the district court itself where it is the fact finder. *See, e.g., Wilson v. Maritime Overseas Corp.*, 150 F.3d 1, 12-13 (1st Cir. 1998) (retrial required where erroneous instruction on the law and evidence could have supported a finding for the complaining party); *Gizoni v. Southwest Marine, Inc.*, 56 F.3d 1138, 1141-42 (9th Cir. 1995) (same); *Smalley v. Duluth, Winnipeg & Pac. Ry. Co.*, 940 F.2d 296, 299 (8th Cir. 1991) (same); *see also Pullman-Standard v. Swint*, 456 U.S. 273, 292 n.22 (1982) (where judge was fact finder and "findings are infirm

(continued...)

Paraclipse, Inc., 285 F.3d 1362, 1373-76 (Fed. Cir. 2002); *see also Eaton Corp. v. Rockwell Int'l Corp.* 323 F.3d 1332, 1344 (Fed. Cir. 2003). As the Federal Circuit explained in *Ecolab*, when it determines that an error has been committed, it assesses whether that error is harmless or prejudicial by determining whether the jury could have reached the result contrary to its verdict using the proper claim construction. *Ecolab*, 285 F.3d at 1374 (new trial required because jury could have found for complaining party on infringement).

The Federal Circuit has performed this analysis in a number of other cases, sometimes finding harmless error and upholding the jury's verdict,[13] and other times finding prejudicial error requiring a new trial,[14] depending upon the particular circumstances of each case.

In at least four cases in addition to this one, however, the Federal Circuit has *not* conducted this analysis and has given no explanation for its failure to do so. *Boehringer Ingelheim Vetmedica, Inc. v. Schering-*

(continued...)

because of an erroneous view of the law, a remand is the proper course unless the record permits only one resolution of the factual issue").

[13] *See, e.g., Eaton*, 323 F.3d at 1343-44 (validity and infringement verdicts upheld); *Laporte Pigments, Inc. v. Axel J., LP*, Civ. A. No. 01-1226, 2002 WL 1890749, at *3 (Fed. Cir. Aug. 15, 2002) (unpublished decision) (infringement verdict upheld).

[14] *See, e.g., Texas Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1201, 1216 (Fed. Cir. 2002) (new trial on infringement and validity); *Union Carbide Chems. & Plastics Tech. Corp. v. Shell Oil Co.*, 308 F.3d 1167, 1179 (Fed. Cir. 2002) (new trial on infringement and validity).

Plough Corp., 320 F.3d 1339, 1349-54 (Fed. Cir. 2003) (Clevenger, Mayer, Rader, JJ.); *Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1328-29, 1333-34 (Fed. Cir. 2002) (Gajarsa, Linn, Rader, JJ.); *Al-Site Corp. v. VSI Int'l, Inc.*, 174 F.3d 1308, 1323-26 (Fed. Cir. 1999) (Mayer, Rader, Rich, JJ.); *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1362-64 (Fed. Cir. 1998) (Bryson, Mayer, Newman, JJ.). In each case, the Federal Circuit disregarded the potential impact the changed claim construction had on the verdict at issue and, instead, upheld that verdict for "substantial evidence."

As in these four cases, in the instant case, the Federal Circuit failed again to analyze whether the error in claim interpretation was harmless or prejudicial error. *Moba B.V. v. Diamond Automation, Inc.*, 325 F.3d 1306, 1319-22 (Fed. Cir. 2003), 20a-26a. Instead, with regard to written description, the Federal Circuit merely held that there was "substantial evidence" to support a jury finding of validity, even under its corrected, broader claim construction:

> . . . substantial evidence supports the jury's finding that the '505 patent is not invalid for lack of an adequate written description. The '505 patent specification describes every element of claim 24 in sufficient detail so that one of ordinary skill in the art would recognize that the inventor possessed the invention at the time of filing. FPS's contention that the '505 patent does not adequately disclose lifting eggs from a moving conveyor merely revives its non-infringement argument in the cloak of a validity challenge. *As noted, the jury found that one of skill in the art would discern possession of the invention at the time of filing, a finding supported by*

> *substantial record evidence*. Therefore, the trial court correctly determined that claim 24 is not invalid for lack of an adequate written description.

Id. at 1321 (emphasis added), 24a-25a. The Federal Circuit's statement totally disregards that the jury found that the method practiced by the Omnia did not fall within the scope of claim 24 and, thus, the jury necessarily *never* considered the question of whether the patent provided a sufficient written description of an invention as defined by a claim broad enough to cover the Omnia. There can be no dispute that the jury never had an opportunity to consider this issue.

Similarly, with regard to enablement, the Federal Circuit, without any basis, again wrongly assumes that the jury considered the question of whether a claim broad enough to cover lifting eggs off of a moving conveyor (as in the Omnia), was enabled by the disclosure in the '505 patent:

> FPS contends that the specification does not enable one of ordinary skill in the art to lift eggs from a moving conveyor belt without undue experimentation. Nevertheless, FPS presented no record evidence recounting the amount of experimentation one of skill in the art would require to develop the conveyor lifting system of the Moba Omnia in view of the '505 patent disclosure. Rather, FPS asked the jury and asks this court to draw the inference of undue experimentation based on limited general testimony of the development of that conveyor lifting mechanism taken separate from the disclosure of the '505 patent. The trial

> court found that evidence insufficient to prove undue experimentation.[15] *Hence, this court holds that substantial evidence supports the verdict of the jury that claim 24 was not invalid for lack of enablement.*

Id. at 1321 (emphasis added), 25a-26a. Of course, the jury never considered this question at all using the proper claim interpretation. Further, if the Federal Circuit believed that there was not sufficient evidence to support a finding of lack of enablement, it should have denied a new trial on this basis. It certainly knew how to do so since that was its basis for dismissing with prejudice the anticipation claim. *Id.* at 1321-22, 26a.

These statements are the full extent of the Federal Circuit's analysis and discussion of these two validity verdicts in this case. Since the Federal Circuit did not find the patent valid as a matter of law as to the written description and enablement defenses, this leads to the undeniable conclusion that the Federal Circuit believed there was sufficient evidence for a jury to find the patent valid *or invalid* for inadequate written description or enablement using the proper claim construction. Thus, if a reasonable jury could have found the patent *invalid* using the proper claim construction, FPS was undeniably prejudiced, and a new trial is required. *See Ecolab*, 285 F.3d at 1374.

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[15] FPS disagrees with the Federal Circuit's characterization of its evidence on this point, and notes, further, notwithstanding the Federal Circuit's statement to the contrary, that the trial court made *no* finding on whether the evidence was sufficient or insufficient to prove undue experimentation. Instead, the trial court denied Diamond's pre-verdict request for judgment as a matter of law on validity, allowing the case to go to the jury and thus finding, necessarily, that the evidence was sufficient for a reasonable jury to find for either party. 73a.

B. Failure to Remand for a New Trial Denies Litigants Their Seventh Amendment Right to a Jury Trial

There can be no dispute that Petitioners are entitled to a jury trial on these validity claims, which were brought as part of a declaratory judgment action where damages are at issue. *See Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 603 (Fed. Cir. 1985); *cf. Tegal Corp. v. Tokyo Electron Am., Inc.*, 257 F.3d 1331, 1339-41 (Fed. Cir. 2001). Further, "[t]he right to a jury trial on issues of patent validity that may arise in a suit for patent infringement is protected by the Seventh Amendment." *Patlex*, 758 F.2d at 603 *(citations omitted).*

The Seventh Amendment protects not only the right to have one's case initially tried by jury, but also, in the re-examination clause, any review of that initial jury trial: "no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law." U.S. Const. amend. VII. As this Court has held, the only permitted re-examination of facts tried by jury under common law is a new trial, ordered by either the trial court or the appellate court:

> when the issues have been so tried and a verdict rendered *they cannot be reexamined otherwise than on a new trial* granted by the court in which the first trial was had or ordered by the appellate court for some error of law affecting the verdict.

Slocum v. New York Life Ins. Co., 228 U.S. 364, 397 (1913) (emphasis added). In *Slocum*, this Court reversed the judgment of a court of appeals that did not grant a new trial when appropriate, but instead "itself reexamined the issues, resolved them in the favor of the

[party], and directed judgment accordingly." *Id.* at 399. This was, of course, totally inappropriate and a violation of the Seventh Amendment. *Id.*

Thus, when there has been an error of law affecting the verdict, under the Seventh Amendment, an appellate court has no option other than to remand for a new trial. *Id.* at 397. It cannot re-examine the facts itself, even in the guise of upholding the prior jury's verdict. *See id.*; *Dimick v. Schiedt*, 293 U.S. 474, 486-87 (1935) (a court cannot make its own assessment and thus "bring the constitutional right of the [party] to a jury trial to an end in respect of a matter of fact which no jury has ever passed upon either explicitly or by implication"); *see also Mattison v. Dallas Carrier Corp.*, 947 F.2d 95, 108 (4th Cir. 1991) ("the court cannot, consistent with the Seventh Amendment, evaluate a jury's verdict based on . . . a legal standard not given to the jury"). The appellate court must send the case back to be tried again before a jury -- anything less denies litigants their Constitutional rights. *Slocum*, 228 U.S. at 397.

II. This Court Should Grant *Certiorari* Because the Issue Presented is Important and Recurring and has the Potential of Affecting Every Patent Case

A. This Court has Emphasized the Need to Scrutinize Practices that Infringe on Seventh Amendment Rights

The Constitutional right to a jury trial "has always been an object of deep interest and solicitude, and every encroachment upon it has been watched with great jealousy". *Parsons v. Bedford,* 28 U.S. (3 Pet.) 433, 446 (1830). Any restriction of that right is an issue of high importance worthy of careful scrutiny and provides sufficient ground to warrant review by this Court. *See Beacon Theatres, Inc. v. Westover,* 359 U.S. 500, 501 (1959) ("[w]e granted *certiorari* because '[m]aintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care,'" *quoting Dimick,* 293 U.S. at 486). Review by this Court is even more necessary when Seventh Amendment rights are infringed on a regular basis by a court of appeals with exclusive appellate jurisdiction over all patent infringement cases nationwide. 28 U.S.C. § 1295(a)(1). Consequently, the Federal Circuit's denial of a litigant's Seventh Amendment right to a new trial warrants immediate review by this Court.

B. This Issue has Significant Implications Beyond the Cases Identified to Date

This Court is rightly concerned that, with limited exceptions, it only reviews cases that would have significant impact on the American legal system. This is just such a case. As this Court has recognized in *Markman,* 517 U.S. at 390-91, all patent cases must,

necessarily, raise claim interpretation issues that are decided by district courts and, thus, subject to review by the Federal Circuit. Having deemed that claim interpretation is a question of law, the Federal Circuit reviews claim interpretations *de novo*, giving no deference to the district court's interpretation. *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998). This level of review means that every patent case is subject to potentially dramatic changes after resolution by the district court. Every infringement analysis and validity analysis is conducted in view of the claim at issue, as interpreted. When that interpretation changes on appeal, both the infringement analyses and the validity analyses are necessarily impacted. Unfortunately, however, as demonstrated above, the Federal Circuit has not been mindful of that potential impact in all of the cases before it and appears particularly lax regarding validity issues.

This is a very dangerous pattern. Studies have shown that the Federal Circuit changes the claim interpretation in about 40% of the cases before it.[16] Undeniably, many cases are remanded by the Federal Circuit for further proceedings, including new jury

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[16] *See* Christian A. Chu, *Empirical Analysis of the Federal Circuit's Claim Construction Trends*, 16 Berkeley Tech. L.J. 1075, 1104 (2001) (44%); Kimberly A. Moore, *Are District Court Judges Equipped to Resolve Patent Cases?*, 15 Harv. J.L. & Tech. 1, 11-12 (Fall 2001) (33%); Gretchen A. Bender, *Uncertainty and Unpredictability in Patent Litigation: The Time is Ripe for a Consistent Claim Construction Methodology*, 8 J. Intell. Prop. L. 175, 202-08 (Spring 2001) (40%); *Cyber Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1476 & n.4 (Fed. Cir. 1998) (Rader, J. *concurring*) (40%). Notably, one of these studies determined that the claim interpretation reversal rate increased after the Federal Circuit's decision in *Cybor* to review all claim interpretations *de novo*. Chu, *supra*, at 1102.

trials;[17] however, as this petition has shown, not all cases are being treated that way, when they should be. This petition cites at least five cases, including this one, in which the Federal Circuit has improperly failed to remand for a new trial. Given the claim interpretation change statistics, there is every reason to believe this denial of Constitutional rights will continue to occur on a regular basis absent this Court's intervention.

Furthermore, although this denial of Constitutional rights has occurred in at least one infringement case, *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1362-64 (Fed. Cir. 1998), four of the five cited cases involved validity claims. *See* cases cited *supra* at 15. This is a particularly pernicious result, as the validity of a patent is of concern not only to the particular litigants (as is the case with infringement determinations), but to the public as a whole. This Court recognized most recently in *Cardinal* the special concerns raised by validity questions. *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 99-102 (1993). In rejecting the Federal Circuit's routine practice of dismissing validity determinations as moot when the patent was found not infringed, this Court once again "emphasized the importance to the public at large of resolving questions of patent validity . . . ." *Id.* at 100. Among other problems with the Federal Circuit's practice in *Cardinal*, this Court noted that it "prolongs the life of

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[17] Studies also show that the Federal Circuit's overall reversal rate is about 50%, and in the cases where the claim interpretation has been changed, the rate of reversal is even higher (68% or 81%). Chu, *supra* note 16, at 1098, 1104 (overall reversal rate 47.3%; reversal rate where claim interpretation changed 68%); Moore, *supra* note 16, at 13 (reversal rate where claim interpretation changed 81%); *Cybor*, 138 F.3d at 1476 (Radar, J., *concurring*) (overall reversal rate 53%). These reversals include, of course, all appeals, not just those after jury trials.

invalid patents, [and] encourages endless litigation (or at least uncertainty) over the validity of outstanding patents." *Id.* at 102.

While there is admittedly a distinction between *Cardinal*, where the jury had found the patent invalid, and here, where the jury found it valid, that distinction is without a difference where the jury's verdict was not based on the correct claim construction. Thus, by not directing remand of cases such as this one, or even properly considering whether remand is necessary, the Federal Circuit is potentially "prolonging the life of an invalid patent" and, certainly, "encourag[ing] endless litigation (or at least uncertainty) over [its] validity." *See Cardinal,* 508 U.S. at 102. In each case where the Federal Circuit did not consider whether a remand for a redetermination of validity was necessary even though the claim construction was changed, no person can look at the patent at issue in those circumstances and be confident of its validity, even though it was purportedly upheld by the Federal Circuit. As in *Cardinal*, this issue should be of concern not only to potential infringers and the public-at-large, but also the patent owners themselves, who cannot be secure in the validity of their patent and can potentially suffer a diminution in the value of the patent in the marketplace. *See id.* at 88-89.

C. This Court Needs to Exercise its Supervisory Powers Over the Federal Circuit

This case is the next step after *Markman.* Having resolved the issue of whether it is the judge or the jury who interprets patent claims, an issue this Court recognized was of importance in all patent cases, *Markman,* 517 U.S. at 390-91, this Court must now take action and instruct the Federal Circuit on how it properly should review validity verdicts following a new claim

interpretation. There is no other redress for litigants when the Federal Circuit applies the wrong standard in such situations except to this Court and no possibility that the system might work this issue out for itself. *See Cardinal,* 508 U.S. at 89 (*certiorari* granted "[b]ecause the Federal Circuit has exclusive jurisdiction over appeals from all United States District Courts in patent litigation, the rule that it applied in this case . . . is a matter of special importance to the entire Nation."). The Federal Circuit, although acknowledging the proper test, has demonstrated repeatedly over the last several years that it will not rigorously apply it, and it has specifically denied these Petitioners their Constitutionally required right to a jury trial on validity.

There is no denying that the Federal Circuit wields tremendous power now in all patent cases, and that litigants and judges are subject to their exclusive will. This Court must act to ensure that power is being wielded fairly and appropriately in *every* case, not just some or even most of them.

CONCLUSION

For all the reasons set forth herein, Petitioners respectfully request that the Court issue a writ of *certiorari* to review the judgment of the Court of Appeals for the Federal Circuit in this matter.

Respectfully submitted,

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